

UNITED STATES OF AMERICA
NATIONAL CREDIT UNION ADMINISTRATION
NATIONAL CREDIT UNION ADMINISTRATION BOARD

In the Matter of the
Cease-and-Desist Order of

98-0101-I (January 12, 1998)

Polish & Slavic Federal Credit Union,

Respondent.

CONSENT CEASE AND DESIST ORDER

The National Credit Union Administration Board ("NCUA Board"), by and through its undersigned counsel, and Polish & Slavic Federal Credit Union ("Credit Union") hereby stipulate and agree as follows:

1. Consideration. The NCUA is of the opinion that grounds exist to initiate an administrative cease and desist action against Credit Union pursuant to Section 206 of the Federal Credit Union (FCU) Act, 12 U.S.C. §1786. Credit Union, without admitting that said grounds exist (except those set forth as to Jurisdiction in paragraph 2), desires to avoid the time, cost and expense of administrative litigation. Accordingly, Credit Union consents to the issuance by NCUA Board of a Cease and Desist Order ("Order").

2. Jurisdiction.

(a) Credit Union is an "institution-affiliated party" within the meaning of Section 206(r) of the FCU Act, 12 U.S.C. §1786(r).

(b) Pursuant to the authority vested in the NCUA Board under Section 206 of the FCU Act, 12 U.S.C. §1786, and Part 747 of the NCUA Rules and Regulations, it is an appropriate Federal agency to maintain enforcement proceedings against such institution-affiliated party. Therefore, Credit Union is subject to the authority of the NCUA to initiate and maintain prohibition proceedings against it.

3. Consent. Credit Union consents to the issuance by the NCUA Board of the accompanying Cease and Desist Order. Credit Union agrees that the Order complies with the Federal Credit Union Act and consent to the following terms and conditions:

Credit Union (including all directors, committee members, officers and employees) shall immediately:

1. Take measures to fully investigate potential violations of the Bank Secrecy Act and the Currency Transaction Reporting requirements. Credit Union shall engage a certified public accounting firm no later than close of business January 28, 1998, acceptable to the Regional Director of the National Credit Union Administration, qualified to conduct a

full fraud audit of all cash deposits made into Polmar Trading And Travel Accounts, "Polmar I" (account 43288), "Polmar II" (account 88550), "Polmar III" (account 600147) (or "the Polmar accounts") . The scope of the audit shall be as follows:

- a. Review all records of deposits to the Polmar accounts.
 - b. Create a schedule of all deposits to the Polmar accounts to include date of each transaction and composition of each transaction (cash or check).
 - c. Interview all employees associated with the cash deposits, including former and present management, former head teller, head tellers and tellers, to determine the facts of each deposit.
 - d. Determine the identity of all past or current Credit Union employees or officials who knew about the cash reporting requirement exemptions for the Polmars accounts and identify all past and present employees or officials who participated in any way in the deposit of funds to the Polmar accounts.
 - e. Conduct sufficient testing to determine and identify if any other accounts exists in the Credit Union in which Credit Union has not properly filed Currency Transaction Reports.
 - f. Complete the fraud audit within 90 days after the NCUA Regional Director has approved the firm.
2. Credit Union shall fully fund the fraud audit.
 3. Credit Union shall immediately take all measures necessary to protect the integrity of all records of cash and check deposits made since January 1, 1989 to present, and
 4. Credit Union shall not obstruct, delay, or interfere with the fraud audit.
 5. Credit Union shall provide full cooperation and access to the fraud auditor.
 6. Credit Union shall require the fraud auditor to provide the National Credit Union Administration a copy of all reports provided to the Credit Union, both draft or final reports, at the same time the reports are provided to Credit Union.
 7. Credit Union shall require the fraud auditor to provide upon the request of employees of the National Credit Union Administration all work papers and records of interviews related to the fraud audit.
 8. Prior to January 12, 1999 Credit Union shall make no decisions or take any actions with respect to changing their sponsoring organization or preventing the current practice of annual membership dues from being paid directly from member accounts to the sponsoring organization. Credit Union may not change its sponsor organization without

the approval of the National Credit Union Administration, as required by law or regulation.

9. Credit Union will comply with all Orders of the National Credit Union Administration which are in effect against Marcin Sar.

4. Waivers. Credit Union waives its right to an administrative hearing to this Cease and Desist Order as provided for in Section 206 of the FCU Act, 12 U.S.C. §1786. They further waive their right to seek judicial review of the Cease and Desist Order or otherwise challenge the validity or legality of the Order.

5. Finality. The Cease and Desist Order is issued pursuant to Section 206 of FCU, 12 U.S.C. §1786. Upon its issuance by the NCUA Board, it shall be a final Order, effective and fully enforceable by the NCUA.

WHEREFORE, in consideration of the foregoing the undersigned, on behalf of the NCUA, Credit Union execute this Stipulation and Consent to Issuance of a Cease and Desist Order.

Dated this th day of January 1998.

By: _____

Date

FOR THE CREDIT UNION

National Credit Union Administration

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ORDER APPROVING CONSENT TO CEASE AND DESIST

WHEREAS, Polish & Slavic Federal Credit Union has executed a Consent Cease and Desist Order pursuant to Section 206 of the Federal Credit Union Act which has been accepted and approved by the National Credit Union Administration acting through its Region I Director; and

WHEREAS, the Board of the National Credit Union Administration (Board) has considered the terms and conditions agreed to in the Consent Cease and Desist Order;

NOW THEREFORE, IT IS ORDERED THAT:

1. The Board has jurisdiction over the Polish & Slavic Federal Credit Union pursuant to Section 206(r) of the Federal Credit Union Act.
2. The Consent Cease and Desist Order dated January 29, 1998 is approved and is incorporated into this Order by reference.
3. The effective date of the Order is January 12, 1998.

FOR THE NATIONAL CREDIT UNION ADMINISTRATION BOARD

Date

BY: Becky Baker

Secretary of the Board